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BEFORE THE

**Federal Communications Commission**

WASHINGTON, D.C. 20554

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FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF THE SECRETARY

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In the Matter of )

Cellular Service and Other Commercial )  
Mobile Radio Services in the Gulf of Mexico )

WT Docket No. 97-112

Amendment of Part 22 of the Commission's )  
Rules to Provide for Filing and Processing of )  
Applications for Unserved Areas in the )  
Cellular Service and to Modify Other )  
Cellular Rules )

CC Docket No. 90-6

To: The Commission

**COMMENTS  
OF  
SHELL OFFSHORE SERVICES COMPANY**

**SHELL OFFSHORE SERVICES COMPANY**

Wayne V. Black  
Brian Turner Ashby  
Keller and Heckman LLP  
1001 G Street, N.W.  
Suite 500 West  
Washington, D.C. 20001  
(202) 434-4100

Its Attorneys

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## **SUMMARY**

Shell Offshore Services Company takes no position on the Federal Communications Commission's proposals to amend the existing service rules applicable to cellular licensees in the Gulf of Mexico. SOSCo, however, supports the Commission's proposal to license non-cellular commercial mobile radio service spectrum, except Personal Communications Service spectrum, in the GOM.

Absent a compelling justification, SOSCo believes that any spectrum licensed in the rest of the United States also should be licensed in the GOM. There is no justification for denying the population of the GOM the benefits of telecommunications services available everywhere else in the United States. For this reason, to the extent described herein, SOSCo urges the Commission to license all CMRS spectrum, especially Specialized Mobile Radio Service spectrum, in the GOM.

SOSCo, however, believes that there is a compelling justification for not licensing PCS spectrum in the GOM. Specifically, because the spectrum used to provide PCS already is being used by a very large segment of the GOM's population for Private Operational-Fixed Microwave Services, and because there does not appear to be any need for PCS in the GOM, the cost of licensing PCS spectrum in the GOM clearly would outweigh the benefits.

SOSCo also urges the Commission not to adopt its proposal to divide the GOM into a Coastal and Exclusive Zone when issuing non-cellular CMRS licenses in the GOM. Rather, all such licenses issued for the GOM should authorize operation throughout the entire GOM. The reason for this is that the GOM is a unique environment that logically should be treated as a single area for licensing purposes, and the proposed division might discourage some CMRS providers from serving the GOM.

Finally, SOSCo believes that the existing service and operational requirements applicable to land-based CMRS licensees should apply to CMRS licensees in the GOM. Again, absent a compelling justification, SOSCo does not believe that the Commission should treat one area differently from another when licensing spectrum.

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**To: The Commission**

**COMMENTS  
OF  
SHELL OFFSHORE SERVICES COMPANY**

Shell Offshore Services Company ("SOSCo"), by its attorneys, hereby submits these Comments in response to the Second Further Notice of Proposed Rule Making ("Second FNPRM") adopted by the Federal Communications Commission ("Commission") in the above-captioned proceedings on March 28, 1997.<sup>1/</sup> As described below, SOSCo urges the Commission to license all commercial mobile radio service ("CMRS") spectrum, except Personal Communications Service ("PCS") spectrum, in the Gulf of Mexico ("GOM").

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<sup>1/</sup> FCC 97-110 (released: April 16, 1997).

## **I. BACKGROUND**

1. SOSCO is a subsidiary of Shell Offshore, Inc. ("SOI"). SOI is the largest producer of petroleum and natural gas in the GOM. SOSCo supports the petroleum and natural gas exploration and production activities of SOI.

2. On August 28, 1996, the Commission granted SOSCo authority to construct and operate a new 6 GHz, broadband, digital, common carrier microwave network in the GOM.<sup>2/</sup> While this network has been designed primarily to support SOI's growing telecommunications requirements in the GOM, it also is expected to serve as the principal telecommunications infrastructure for the rest of the petroleum and natural gas industries in the GOM.

3. In the Second FNPRM, the Commission proposed changes to the rules governing cellular service in the GOM to resolve conflicts that have arisen between the land-based and water-based cellular licensees operating in the GOM area. In particular, the Commission proposed to divide the GOM into two service areas. The first area, the Coastal Zone, would consist of the portion of the GOM extending from the coastline out

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<sup>2/</sup> See Shell Offshore Services Company: Applications for Authority to Operate Common Carrier Digital Microwave Stations in the 5925-6425 MHz and 6525-6875 MHz Frequency Bands, 11 FCC Rcd 10119 (1996).

12 miles. The other, the Exclusive Zone, would extend from the edge of the Coastal Zone out to the southern limits of the existing GOM service territory. Different licensing and service rules would apply in the different zones.<sup>3/</sup>

4. The Commission also proposed to license non-cellular CMRS spectrum, including PCS and Specialized Mobile Radio ("SMR") spectrum, in the GOM. Although the Commission previously has licensed some SMR facilities in the GOM on a site-by-site basis, it currently is not possible to obtain SMR or other CMRS licenses in the GOM because the GOM has been excluded from recent auctions of CMRS licenses.<sup>4/</sup> Presumably, if the Commission issues non-cellular CMRS licenses in the GOM, such licenses will be assigned through auctions.

5. Among other things, the Commission asked for comment on whether sufficient demand exists in the GOM to issue CMRS licenses. If so, the Commission asked for comment on how potential service areas should be defined in the GOM, and suggested dividing the GOM into a Coastal and Exclusive Zone as proposed in

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<sup>3/</sup> Second FNPRM at ¶¶ 27-28.

<sup>4/</sup> *Id.* at ¶ 58.

connection with cellular service. Comment also was sought on the service and operational requirements that should apply to CMRS licensees in the GOM.<sup>5/</sup>

## **II. COMMENTS**

6. SOSCo takes no position on the Commission's proposals to amend the existing service rules applicable to cellular licensees in the GOM. As explained below, however, SOSCo supports the Commission's proposal to license non-cellular CMRS spectrum, except PCS spectrum, in the GOM.

### **A. The Commission Should License All Non-Cellular CMRS Spectrum, Except PCS Spectrum, in the GOM**

7. As a general matter, absent some compelling justification, SOSCo believes that any spectrum licensed in the rest of the United States also should be licensed in the GOM. There is no reason why the Commission should issue licenses in some areas and not others. Yet this is exactly what the Commission has done with respect to the GOM by excluding it from all spectrum auctions except the recently concluded Wireless Communications Service auction. SOSCo urges the Commission to remedy this situation by licensing all CMRS spectrum, except PCS spectrum, in the GOM.

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<sup>5/</sup> *Id.* at ¶¶ 59-63.



**1. There Is a Large and Growing Need for CMRS Spectrum in the GOM**

8. The GOM is one of the primary petroleum and natural gas production areas in the United States. Less than 10 years ago, however, after more than a decade of declining production levels, the GOM frequently was referred to as the “Dead Sea” within the petroleum and natural gas industries. In the past three years, though, the amount of drilling and exploration activity in the GOM has increased dramatically. This increase is primarily attributable to technological advances that now enable the deployment of production facilities at deepwater locations beyond the outer continental shelf. As a result, analysts now estimate that the petroleum and natural gas reserves in the GOM are the largest in the United States, even exceeding those in Alaska’s Prudhoe Bay.

9. The resurgence of exploration and production activity in the GOM, quite naturally, has been accompanied by an increase in the demand for reliable voice, data, and video telecommunications services. Providers of these services, however, have been unable to keep up with the growing demand because the spectrum normally used to provide these services, especially CMRS spectrum, is not available for licensing in the GOM. For example, despite the fact that 900 MHz SMR licenses recently were auctioned for the entire continental United States, all of Alaska, every Hawaiian island, and such

far-flung places as American Samoa, Guam, the Virgin Islands, Puerto Rico, and the Northern Mariana Islands, the GOM was not included in the auction. As a result, there currently is a dearth of CMRS spectrum in the GOM.

10. In light of the foregoing, and to the extent described below, SOSCo urges the Commission to license CMRS spectrum in the GOM. Assuming all of the prerequisites for auctioning this spectrum are present, including mutual exclusivity, SOSCo would support use of auctions to license this spectrum.

## **2. SMR Spectrum**

11. SOSCo urges the Commission to license SMR spectrum in the GOM. As explained above, there is a large and growing need for a variety of telecommunications services in the GOM, including SMR service. In fact, if this spectrum is licensed in the GOM, SOSCo almost certainly would try to obtain an SMR license(s). This license(s) would be used to augment the telecommunications services currently being provided to SOI and others in the petroleum and natural gas industries by SOSCo's above-described common carrier microwave network.

12. While SOSCo believes there is considerable demand for SMR spectrum in the GOM, it does not believe that the Commission should require a

demonstration of demand before licensing spectrum in the GOM. The Commission imposed no such requirement before licensing SMR spectrum in other insular, lightly populated areas like American Samoa and Guam, and there is no reason why a demonstration of demand should be required for the GOM. If there is no demand for particular spectrum in the GOM, then it is unlikely that anyone will seek a license for such spectrum. This provides no justification, however, for the Commission to arbitrarily withhold licenses for this spectrum in the GOM. As explained above, if certain spectrum is licensed in some areas, it should be licensed in all areas absent a compelling justification.

### **3. PCS Spectrum**

13. SOSCo believes that there is a compelling justification for not issuing PCS licenses in the GOM. For this reason, SOSCo opposes such licensing.

14. Much of the spectrum used to provide PCS recently was reallocated from the Private Operational-Fixed Microwave Service ("POFS"). Companies in the petroleum and natural gas industries have extensive POFS systems in the GOM. Because the POFS systems of many of these companies would need to be relocated if PCS licenses were to be issued in the GOM, licensing PCS spectrum in the

GOM is likely to cause severe disruptions to the petroleum and natural gas industries. These disruptions militate against licensing PCS spectrum in the GOM.

15. While the costs associated with the disruptions caused by relocating POFS systems may have been outweighed by the benefits of introducing PCS in other areas of the United States, the costs clearly would outweigh the benefits in the GOM. Companies in the petroleum and natural gas industries constitute a large majority of the GOM's population and, due to their heavy reliance on POFS systems, the costs associated with relocating POFS systems in the GOM would be much greater than in most other areas. These costs would not be outweighed by the benefits of introducing PCS because there is no great need for PCS in the GOM. There already are two cellular licensees providing mobile services in the GOM, and new mobile service providers are likely to enter the GOM if the Commission licenses SMR spectrum in the GOM. Given that the GOM is sparsely populated, it is unlikely that numerous PCS providers could survive in the GOM along with the cellular and SMR providers. Therefore, in light of the unique circumstances present in the GOM, SOSCo asks that the Commission not license PCS spectrum in the GOM.

#### **4. Other CMRS Spectrum**

16. There is no reason why other CMRS spectrum, such as paging spectrum, should not be licensed in the GOM. While SOSCo is not aware of any demand for other CMRS spectrum in the GOM, this should not stop the Commission from at least making the spectrum available in the GOM. As such, to the extent such spectrum is licensed elsewhere, SOSCo urges the Commission also to license it in the GOM.

#### **B. Non-Cellular CMRS Licenses Should Cover the Entire GOM**

17. The Commission should not adopt its proposal to divide the GOM into a Coastal and Exclusive Zone when issuing non-cellular CMRS licenses. All non-cellular CMRS licenses issued for the GOM should authorize operation throughout the entire GOM.

18. The GOM is a unique environment that logically should be treated as a single area for licensing purposes. Its population is transient and almost exclusively industrial. Most of this population has interests in both the proposed Coastal and Exclusive Zones. For this reason, much of the GOM's population could be required to take service from multiple service providers, one in the Coastal Zone and the other in the

Exclusive Zone, to obtain seamless service throughout the entire GOM if the GOM is divided as proposed. This would be inefficient and contrary to the public interest.

19. The creation of a Coastal and Exclusive Zone also might discourage some CMRS providers from venturing into the GOM. It is extremely costly for telecommunications service providers to lease tower space in the GOM and to maintain equipment in the GOM's harsh environment. Therefore, only by licensing the GOM as a single region will many CMRS providers be able to offer affordable service to a sufficient number of users to justify the large scale investment in site rentals and equipment needed to serve the GOM.

20. Relatedly, regardless of whether the Commission's proposal to divide the GOM into a Coastal and Exclusive Zone for purposes of licensing cellular service makes sense, such a division does not make sense for purposes of licensing non-cellular CMRS spectrum. According to the Commission, the purpose of the division is to resolve long-standing disputes between land-based and water-based cellular licensees but, to the best of SOSCo's knowledge, no such disputes exist between land-based non-cellular CMRS providers and water-based providers of those services. This is true even though the Commission already has issued a number of SMR licenses in the GOM. Thus, there is no justification for extending the division to the licensing of non-cellular CMRS spectrum.

21. Moreover, to the extent disputes arise between land-based non-cellular CMRS providers and water-based providers of those services, the general interference protection criteria applicable to those services can be used to resolve such disputes. Those criteria would be used in the event of interference among land-based licensees, and there is no reason why the same criteria should not also be applied in the event of interference between land-based and water-based licensees.

22. SOSCo proposes that the service area boundaries for the GOM extend 200 miles out from the United States side of the border between Mexico and Texas on the western side of the Gulf of Mexico, which is approximately 26° north latitude, and continue along the 200-mile limit from the coastline until the 200-mile limit reaches a point off southwestern Florida at 26° latitude. The boundary line then would follow the latitudinal line northward until it intersects with the coastline.<sup>6/</sup> This definition seems consistent with the Commission's definition of the GOM in the Second FNPRM.<sup>7/</sup>

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<sup>6/</sup> The term "coastline" already has been defined by the Commission. See Applications of Petroleum Communications, Inc. and Gulf Cellular Associates for New Domestic Cellular Radio Telecommunications Service Systems in the Gulf of Mexico, 1 FCC Rcd 511, 513 (1986).

<sup>7/</sup> Second FNPRM at ¶¶ 10 and 46.

**C. The Service and Operational Requirements Applicable to Land-Based CMRS Licensees Should Apply to CMRS Licensees in the GOM**

23. SOSCo believes that the existing service and operational requirements applicable to land-based CMRS licensees should apply to CMRS licensees in the GOM. Again, absent a compelling justification, SOSCo does not believe that the Commission should treat one area differently from another when licensing spectrum.

**III. CONCLUSION**

24. In recent years, demand for telecommunications services in the GOM has increased without any corresponding increase in the availability of spectrum to meet the demand. To ameliorate this situation, SOSCo urges the Commission to license all CMRS spectrum, except PCS spectrum, in the GOM. All CMRS licenses issued for the GOM should authorize operation throughout the entire GOM and, assuming all necessary prerequisites are present, the Commission should auction those licenses.



**WHEREFORE, THE PREMISES CONSIDERED,** Shell Offshore Services Company respectfully urges the Federal Communications Commission to take action consistent with these Comments.

Respectfully submitted,

**SHELL OFFSHORE SERVICES COMPANY**

By: *Wayne V. Black*  
Wayne V. Black  
Brian Turner Ashby  
Keller and Heckman, LLP  
1001 G Street, N.W.  
Suite 500 West  
Washington, D.C. 20001  
(202) 434-4100

Its Attorneys

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